



CALPINE

WESTERN REGION OFFICE
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JAN 24 2003

CERS

January 22, 2003

VIA FACSIMILE AND FEDERAL EXPRESS

DWR/CERS

Executive Manager Power Systems
3310 El Camino Avenue, Suite 120
Sacramento, CA 95821
Fax (916) 574-2512

RE: Monthly Status Report

Dear Sir or Madam:

Pursuant to Special Condition (2) of the Confirmation Letter dated February 26, 2001, as modified by the Amended and Restated Confirmation Letter dated April 22, 2002 ("Contact Two"), executed pursuant to the Master Power Purchase and Sale Agreement, dated February 6, 2001, as modified by the Amended and Restated Cover Sheet, between Calpine Energy Services, L.P. ("CES") and the State of California Department of Water Resources ("DWR") dated April 22, 2002, CES is required to provide DWR with a monthly report for each Project. Enclosed are the monthly status reports for the month of December 2002 for Otay Mesa Energy Center, Metcalf Energy Center, East Altamont Energy Center and San Joaquin Energy Center.

If you have any question about the foregoing, please contact me at (925) 479-6755.

Sincerely,

CALPINE ENERGY SERVICES, L.P.

Michele A. Blanco, P.E.
Commercial Manager-California and West Regions

cc. Chuck Toney

Calpine Energy Services, L.P.
Monthly Report for December 2002

Project: Metcalf

Construction

Production piling started on October 21, 2002 and has continued this month. Production sheet piling began this month for installation of the circulating cooling water system.

Licensing and Permits

All required permits are in hand.

Project Financing

Calpine is now financing Metcalf with equity. We are in discussions with outside parties regarding financing.

Acquisition and Installation of Major Equipment

Receiving and storage of major equipment continues. Circulating water system piping was received this month, as were some remaining turbine parts.

Start-Up Testing

Not yet scheduled

Commercial Operation

Target date is no later than December 31, 2004.

Calpine Energy Services, L.P.

Monthly Report for December 2002

Project: **Otay Mesa Energy Center**

Construction

The site is finish graded and certified for storm water drainage with all pipe, catch basins and retention ponds complete. We have installed irrigation and landscaping (required by SWPPP), site perimeter fence and an 18,000 square foot construction warehouse. The switchyard has been graded, fenced and turned over to SDG&E. December progress includes the completion of remedial grading work required to secure the site for winter rains and miscellaneous punch list work. Issued a bid package for lay down area improvements to support receipt of air-cooled condenser steel.

Licensing and Permits

CEC license is final and non-appealable. The Plot Plan Amendment was approved July 8, 2002. OMCG continues to respond to various data requests from the CEC related to the Air Amendment submitted to the SDAPCD on July 22 and to the CEC on September 27. There is no definitive schedule for conclusion of the CEC license amendment process.

Project Financing

Calpine is now financing OMEC with equity. We are in discussions with outside parties regarding financing.

Acquisition and Installation of Major Equipment

All major equipment is under contract. Combustion turbines and air-cooled condenser modules are on site. Arrangements were made to ship structural steel beginning in January 2003. Steam turbine equipment is ready to ship.

Start-Up Testing

Not yet scheduled

Commercial Operation

Target date is December 31, 2004

Calpine Energy Services, L.P.
Monthly Report for December 2002

Project: San Joaquin

Construction

None yet scheduled.

Licensing and Permits

The addendum to the Staff Assessment was issued on December 24, 2002. We are now awaiting the issuance of the Scheduling Order for the project as well as the date for the Prehearing Conference. We expect both to be issued before the end of January 2003. Calpine continues to diligently pursue obtaining all required permits.

Project Financing

None at this time

Acquisition and Installation of Major Equipment

No equipment has been acquired for the project.

Start-Up Testing

Not yet scheduled

Commercial Operation

The date depends on permit receipt.

Calpine Energy Services, L.P.

Monthly Report for December 2002

Project: East Altamont Energy Center

Construction

Not yet scheduled.

Licensing and Permits

Although the CEC's Presiding Member's Proposed Decision (PMPD) was expected to be issued before December 25, 2002, it has not yet been issued. The final decision would be scheduled for the next business meeting after the 30-day review period, and so could not occur before mid-February at the earliest. The Western Area Power Administration, lead agency for NEPA review, is ready to issue an Errata to the Environmental Analysis and its Preliminary Finding of No Significant Impact (FONSI) for 30-day review following release of the PMPD.

Project Financing

Not yet scheduled.

Acquisition and Installation of Major Equipment

Vendor contracts and engineering will not be initiated before permit receipt.

Start-Up Testing

Not yet scheduled.

Commercial Operation

This date depends upon permit receipt and close of project financing.



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FACSIMILE TRANSMITTAL SHEET

| | |
|---------------------------------|-------------------------------------|
| TO: | FROM: |
| Executive Manager Power Systems | Susi Folks- Michele Blanco |
| COMPANY: | DATE: |
| DWR/CERS | 1/24/03 |
| FAX NUMBER: | TOTAL NO. OF PAGES INCLUDING COVER: |
| 916.574.2512 | 15 |
| PHONE NUMBER: | SENDER'S REFERENCE NUMBER: |
| RE: | YOUR REFERENCE NUMBER: |

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY

COMMENTS:

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